D.P.U. 95-4C

Application of Eastern Edison Company

(1) under the provisions of G.L. c. 164, § 94G and the Company's tariff, M.D.P.U. 115, for approval by the Department of Public Utilities of a change in the quarterly fuel charge to be billed to the Company's customers pursuant to meter readings in the billing months of September, October, and November 1995.

(2) for approval by the Department of Public Utilities of rates to be paid to Qualifying Facilities for purchases of power pursuant to 220 C.M.R. §§ 8.00 _et seq._ The rules established in 220 C.M.R. §§ 8.00 _et seq._ set forth the filings to be made by electric utilities with the Department, and implement the intent of sections 201 and 210 of the Public Utilities Regulatory Policies Act of 1978.

APPEARANCES: David A. Fazzone, P.C.
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75 State Street
Boston, Massachusetts 02110
FOR: EASTERN EDISON COMPANY
Applicant

I. INTRODUCTION

On July 26, 1995, pursuant to G.L. c. 164, § 94G and 220 C.M.R. §§ 8.00 et seq., Eastern Edison Company ("EECo" or "Company") notified the Department of Public Utilities ("Department") of the Company's intent to file a quarterly change to its fuel charge in conformance with its tariff, M.D.P.U. 115, and to its Qualifying Facility ("QF") power purchase rates in conformance with its tariff, M.D.P.U. 115. The Company requested that both these changes be effective for bills issued pursuant to meter readings for the billing months of September, October, and November 1995. These matters were docketed as D.P.U. 95-4C.

Pursuant to notice duly issued, a public hearing on the Company's application was held on August 25, 1995, at the Department's offices in Boston. Notice of the hearing was published by the Company in the Fall River Herald News, the Quincy Patriot Ledger, the Brockton Enterprise, and the Boston Herald. The Company also complied with the requirement to mail a copy of the notice of the hearing to persons with whom the Company has special retail contracts that do not incorporate a filed rate, and to all intervenors and their respective counsel from the Company's prior two fuel charge proceedings. At the hearing, the Company sponsored two witnesses: Mark Sorgman, supervisor of rate administration for Eastern Utilities Associates Service Corporation, and Gail M. Hatch, power analyst for Eastern Utilities Associates Service Corporation. The Company submitted one exhibit.

EECo is a wholly-owned subsidiary of Eastern Utilities Associates ("EUA"), a utility holding company. EUA's other subsidiaries, affiliates of EECo, include Blackstone Valley Electric Company ("Blackstone") in Rhode Island, Newport Electric Corporation in Rhode Island ("Newport"), and EUA Service Corporation, which provides engineering, technical, and other services for EUA companies. Montaup Electric Company ("Montaup") is a wholly-owned subsidiary of EECo and supplies power to EECo, Blackstone, and certain municipal electric utilities. EECo purchases all of its power requirements at wholesale from Montaup pursuant to rates regulated by the Federal Energy Regulatory Commission ("FERC"). Thus, EECo does not own or operate any power generation units of its own. EECo serves, on average, 204,000 customers in its service territory, which includes over twenty cities and towns in southeastern Massachusetts.

II. FUEL CHARGE

On August 25, 1995, the Company filed with the Department its proposed changes to its fuel charge and QF power purchase rates for August, September, and October 1995. For these billing months, the Company proposes a fuel charge of $0.02176 per kilowatthour ("KWH")(Exh. EE-1, sec. 1, at ii). The proposed fuel charge is $0.00310 per KWH higher than the fuel charge of $0.01866 per KWH approved by the Department in Eastern Edison

Company, D.P.U. 95-4B (1995) for meter readings for the billing months of June, July, and August 1995.

According to Mr. Sorgman, the increase in the proposed fuel charge can be ascribed to a forecast underrecovery balance of $2,600,000 at the end of the June through August period (id., sec. 1, at iii). Mr. Sorgman explained that the underrecovery resulted from the combination of higher than estimated average energy costs and higher than estimated MWH purchases (id.). Ms. Hatch stated that the increase in the average energy rate for the June through August 1995 period is 20 percent higher than the previous estimate (id., sec. 2, at ii).

According to Ms. Hatch, this increase can be attributed to higher than estimated oil prices and energy requirements, as well as lower than estimated unit availabilities (id., sec. 2, at iii). Specifically, Ms. Hatch attributed the higher fuel prices to an unanticipated Seabrook outage, extended shutdowns at Pilgrim and Canal I, and decreased availability from Ocean State Power due to the decline of the Blackstone River flow rate below permit level (id., sec. 2, at iv-v; Tr. at 7-9, 11-12).[1] As a result of the higher than estimated temperatures experienced

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[1] The Company neither owns not operates any generating units, and has no contractual entitlement to the electrical output of any particular generating unit by contract. As a result, the Department does not require the Company to establish performance goals for these units. Eastern Edison Company, D.P.U. 95-4C-1, at 3 (1995).

during the months of June and July, the KWH demand was higher than anticipated for the June through August 1995 period (Exh. EE-1, sec. 2, at iii-iv, 2-3).

The Company indicated that while May and June revenues and expenses were within the ten percent variation provided under the Company's fuel cost adjustment clause, the documentation of the higher costs ensuing in July was not available until early August, when the Company was preparing the instant filing (Tr. at 9-10). As a result, it was not possible for the Company to file an interim fuel adjustment in order to minimize the effect of the $2,600,000 undercollection (id. at 9). The Company asserts that it is appropriate to collect the underrecovery balance during the September through November 1995 period, when it is forecast that both fuel prices and kilowatthour consumption will decline (id. at 17).

III. QUALIFYING FACILITIES

Pursuant to the Department's rules, 220 C.M.R. §§ 8.00 et seq., rates to be paid to QFs for short-run power purchases are set with the same frequency as the fuel charge. A QF is a small power producer or cogenerator that meets the criteria established by the FERC in 18 C.F.R. § 292.203(a) and adopted by the Department in 220 C.M.R. § 8.02.

Pursuant to the governing regulations, the Company is required to calculate short-run energy purchase rates on a time-of-supply basis for two rating periods: peak and off-peak.

In addition, the Company is required to calculate a non-time-differentiated rate, _i.e._, a total period rate, which is a weighted average of the time-of-supply rates, where the weighting is a function of the number of hours in each rating period. _See_ 220 C.M.R. § 8.04(4)(b). The Company is also required, under 220 C.M.R. § 8.04(6)(b), to file its short-run capacity purchase rates, calculated on a KWH basis by voltage level, according to the formula in 220 C.M.R. § 8.04 (6)(b).

The Company proposed the following standard rates to be paid to QFs during September, October, and November 1995:

Energy Rates By Voltage Level ($/KWH)

Voltage Level	Peak	Off-Peak	Total
(A) Primary	0.021097	0.016488	0.017552
(B) Secondary	0.021757	0.017046	0.018124

(Exh. EE-1, sec. 2, at 32).

Short Run Capacity Rates

Voltage Level	Short-Run Capacity Rate ($/KWH)
Primary	0.05892
Secondary	0.06086

(Exh. DPU-RR-1).

IV. FINDINGS

Based on the record in the case, the Department finds:

1. that the fuel charge to be applied to Company bills issued pursuant to meter readings for the billing months of September, October, and November 1995 shall be $0.02176 per KWH. (The calculation of the fuel charge is shown in Table #1 attached to this Order.)

2. that the qualifying facility power purchase rates for September, October, and November 1995 shall be the rates set forth in Section III above.

V. ORDER

Accordingly, after due notice, hearing and consideration, it is

ORDERED: That Eastern Edison Company is authorized to put into effect a quarterly fuel charge of $0.02176 per KWH as set forth in Section IV, Finding 1 of this Order for bills issued pursuant to meter readings for the billing months of September, October, and November 1995 subject to refund; and it is

FURTHER ORDERED: That the fuel charge approved herein shall apply to kilowatthours sold to Eastern Edison Company's customers subject to the jurisdiction of the Department and shall be itemized separately on all such customers' electric bills; and it is

FURTHER ORDERED: That Eastern Edison Company's Qualifying Facility power purchase rates for the billing months of September, October, and November 1995 shall be those set forth in the Table on page 5 of this Order; and it is

FURTHER ORDERED: That Eastern Edison Company, in all future fuel charge proceedings, shall notify all intervenors and their respective counsel from the Company's prior two fuel charge proceedings that it is proposing an adjustment to its fuel charge, and shall also notify these persons of the date scheduled for the hearing on the proposed fuel charge at least ten days in advance of the hearing; and it is

FURTHER ORDERED: That Eastern Edison Company, in all future fuel charge proceedings, shall provide the Attorney General and all intervenors and their respective counsel from the prior two fuel charge proceedings with a copy of its fuel charge filing, in hand or by facsimile, on the same day it is filed with the Department.

By Order of the Department,

Mary Clark Webster
Commissioner

Janet Gail Besser
Commissioner